

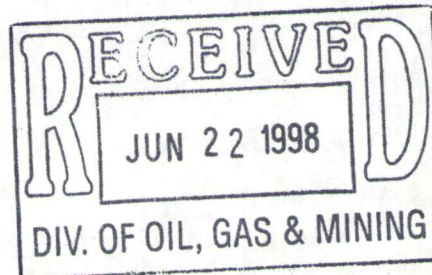


United States Department of the Interior

BUREAU OF LAND MANAGEMENT
HOUSE RANGE/WARM SPRINGS RESOURCE AREA
35 East 500 North
Fillmore, UT 84631



CERTIFIED MAIL # P 556 237 769
RETURN RECEIPT REQUESTED



IN REPLY REFER TO:
3800
(U-054)
UTU-072860

June 18, 1998

NEAL JENSEN
MANAGING PARTNER
B.E.G. RESOURCES L.L.C.
PO BOX 361
NEPHI UT 84648

Dear Mr. Jensen:

We are in receipt of your letter of June 12, 1998. We can find no records in our case file where any BLM employee indicated to you that you would not have to reclaim roads that you had improved during the course of your activities at the Travertine #1 mine. Enclosed with this letter is a staff report written by Ron Teseneer that relates his recollection of the conversation between the two of you on the subject.

The culvert we asked you to remove in our May 29, 1998 letter is one to which you refer in your June 20, 1995 Notice (copy enclosed). If the culvert was never installed and our incorrect assumption that it had been confused you into thinking we were asking you to remove culverts on Highway 132, we apologize. The segment of the road which we are requiring you to reclaim is indicated on the attached map.

If you wish to set up a meeting between you, the Utah Division of Oil Gas and Mining (UDOGM) and us, we will be happy to participate.

Rather than delay approval of your mine plan any further, which would force us to issue you a cease and desist order for your operation, I am signing today the enclosed Environmental Assessment and stipulations that have been prepared for your Plan as if you had submitted the amendment we requested in our letter of May 29. If no one protests the action, your mine plan will be approved on July 18, 1998, and will be subject to the stipulations.

If you disagree with any part of the Environmental Assessment and/or stipulations, you have 30 days from the receipt of this letter to appeal this decision. The appeal should be filed in writing and directed to:

Utah State Director
Bureau of Land Management

P.O. Box 45155
Salt Lake City 84145-0155.

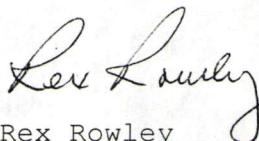
If you exercise this right, your appeal must be accompanied by:

1. The name and address of the appellant,
2. The name and serial numbers of any involved mining claims, and
3. A statement of reasons for the appeal and any arguments you wish to present, which would justify reversal of modification to this decision.

On March 20, 1998, a Notice of Noncompliance (NON) was sent to you for failure to submit a Plan of Operations (Plan) and a bond. The same day, you faxed to this office an incomplete Plan. The NON had stated that you had fifteen days from receipt to submit the Plan. You received it on March 21, 1998, which made the deadline April 6, 1998, as April 5 was a Sunday. On March 24, 1997, another letter was sent to you informing you that your Plan failed to meet the requirements outlined in the NON, and that a complete Plan and a bond were expected on April 6. The bond was received by the UDOGM on April 20, 1998, and this office received a complete Plan on May 5, 1998. You did not contact this office either by phone or letter, nor did you come by in person to request an extension on the deadline. Therefore, on April 6, 1998, you established a Record of Noncompliance (RON). Due to a recent court case, the consequences for establishing an RON are unclear, and we are waiting for guidance from the Washington Office before proceeding further on that issue.

If you have any further questions, please feel free to contact Ron Teseneer at (435)743-3126, or me at (435)743-3100.

Sincerely,



Rex Rowley
Area Manager

Enclosures
Staff Report
Copy of Notice
Environmental Assessment w/stipulations

cc: Terry Steele, 296 N Center, Santaquin Ut 84655
Robert Steele, 1055 N 400 E Nephi, Ut 84646
Wayne Hedberg, UDOGM (S/023/042)